

FEDERAL ELECTION COMMISSION
999 E Street, N.W.
Washington, D.C. 20463

FIRST GENERAL COUNSEL'S REPORT

MUR: 6342
Date Complaint Filed: August 5, 2010
Date of Notification: August 11, 2010
Date of Last Response: October 5, 2010
Date Activated: November 16, 2010
Expiration of Statute
of Limitations July 29, 2015

COMPLAINANT:

Rocky for Congress

RESPONDENTS:

Paul Welday for Congress and David Staudt, in his
official capacity as treasurer
Michigan Education Network
Paul Welday
Michael Greiner
Joseph Munem

**RELEVANT STATUTES
AND REGULATIONS:**

2 U.S.C. § 441a(a)(7)(B)(iii)
2 U.S.C. § 441a(a)(1)(a)
2 U.S.C. § 441a(f)
2 U.S.C. § 434(b)
11 C.F.R. § 109.21(a)
11 C.F.R. § 109.23

INTERNAL REPORTS CHECKED: Disclosure Reports

FEDERAL AGENCIES CHECKED: None

I. INTRODUCTION

Rocky for Congress alleges that Paul Welday, a candidate for Congress from Michigan's Ninth Congressional District, and Welday for Congress and David Staudt, in his official capacity as treasurer ("Committee"), paid for a mailer distributed by Michigan Education Network that contained the same accusation against Andrew "Rocky" Raczkowski ("Rocky"), Welday's

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1 primary opponent, as one found on Welday's website.¹ The complaint further alleges that the
2 return address on the mailer belongs to Michael Greiner, who "[u]pon information or belief,
3 Rocky believes . . . is an associate of Joseph Munem," and describes Munem as being involved
4 in negative advertising campaigns. Complaint at 1. The complaint further alleges that Michigan
5 Education Network does not exist. The complaint asks the Commission to investigate Welday
6 and the Committee for "illegal coordination" with respect to the mailer. *Id.* at 2.

7 In separate responses, Welday and the Committee's treasurer deny paying for the mailer
8 or coordinating in any way with independent political organizations. Greiner's response on
9 behalf of himself and the Michigan Education Network states that Michigan Education Network,
10 which created and distributed the mailer, is a 501(c)(4) organization. Joseph Munem did not
11 respond to the complaint.

12 As discussed in more detail below, the available information does not support the
13 complainant's allegations that Welday or the Committee paid for the mailer or had any
14 connection to it through Michigan Education Network, Greiner, Munem, or otherwise. Further,
15 Welday and the Committee have denied any such connection or coordination. Accordingly, we
16 recommend that the Commission find no reason to believe these respondents violated the Federal
17 Election Campaign Act of 1971, as amended (the "Act"), or the Commission's regulations, and
18 close the file.

19 **II. FACTUAL AND LEGAL ANALYSIS**

20 While the complaint asks the Commission to investigate Welday and the Committee for
21 "illegal coordination," its primary allegation is that the Welday campaign paid for the mailer,

¹ In Commission records, the formal name of Rocky for Congress is Raczkowski for Congress. Rocky defeated Welday in the Republican primary election, which was held on August 3, 2010. Rocky lost the general election in November 2010.

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1 which is inconsistent with a claim that the Welday campaign coordinated with Michigan
2 Education Network. *See* 11 C.F.R. § 109.21(a)(1) (a communication coordinated with a
3 candidate or authorized committee must be paid for by a person other than the candidate or
4 authorized committee). The claim that the Welday campaign paid for the mailer by using
5 Michigan Education Network, Greiner, and Munem as "proxies," Complaint at 2, rests on three
6 alleged bases: (1) both the mailer and the Welday campaign's website state, using the same
7 sources and numbers, that Rocky took \$120,980.67 from various campaign funds and paid that
8 amount to his private business, Mainline Communications; (2) the return address of the mailer is
9 the office of Michael Greiner, who, according to news articles attached to the complaint, was
10 associated with Joseph Munem in connection with a nonprofit organization called the Michigan
11 Civic Educational Fund that engaged in negative advertising in the 2010 Michigan governor's
12 race; and (3) the Complainant could not find any evidence that Michigan Education Network
13 exists as "it is not listed with State of Michigan, the IRS, or the FEC." Complaint at 2. As set
14 forth below, none of these bases, alone or in combination, support the complaint's allegation that
15 the Welday campaign paid for the mailer.

16 As to the first allegation, the information shows that on July 26, 2010, the Welday
17 campaign posted a link on its Facebook account to its "'Truth or Consequences'- the Raczkowski
18 Record" website page. <http://www.facebook.com/pwelday/postu/146702995345502>; *see*
19 Attachment 1 (complaint attachments) at p. 1 of 15.² There is a portion of "Truth or

² For the Commission's convenience, we have numbered the pages of the attachments to the complaint. In addition, the right-hand margins on pages 1 and 2 of the attachments were cut off on the original; we have substituted full pages obtained from the Internet.

Consequences" that criticizes Rocky for taking funds from four prior campaign committees³ and giving them to his company, Mainline Communications. (Rocky is a former member of the state legislature and unsuccessfully ran for a U.S. Senate seat in 2002). The piece contains the following chart, purportedly based on records from the State of Michigan and the FEC:

| | |
|----------------------------|--------------|
| Citizens for Raczkowski | \$41,090.97 |
| Rocky for Senate | \$68,113.66 |
| Raczkowski Leadership Fund | \$7,564.04 |
| Michigan Future Fund | \$4,212.00 |
| TOTAL | \$120,980.67 |

See Id.

Three days later, on July 29, 2010, which was five days before the primary, Michigan Education Network distributed a mailer stating in part: "Records on file with the Michigan Secretary of State and the Federal Election Commission prove that Rocky Raczkowski paid his company, Mainline Communications, with money he raised from political donors!" *See* Attachment 1, p. 4 of 15. Below that language, in a box, is the statement "Campaign Donations Rocky Raczkowski paid to his own company, Mainline Communications," followed by the same chart found in the Welday campaign's "Truth or Consequences" piece. *Id.*

Based in part on the same information appearing in both publications, the complaint alleges that the Welday campaign paid for the mailer. The mailer, however, contains a disclaimer on the return address label stating "Paid for by Michigan Education Network." In his response, Welday states that neither he nor his campaign committee "in any way paid for any

³ Rocky for Senate (the formal name on Commission records is Raczkowski for Senate) was a federal committee that terminated on December 6, 2005. According to the Michigan Secretary of State's Office, Citizens for Raczkowski is an active state committee, and Raczkowski Leadership Fund and Michigan Future Fund were dissolved in 2002.

1 communications originated by any independent political organizations." Welday Response. In
2 a separate response, the treasurer of Welday for Congress states, "I can categorically state
3 that no funds raised by the Welday for Congress Campaign were used for the purposes
4 described by Mr. Raczkowski," and "[t]he Welday for Congress Campaign has provided
5 full disclosure of all contributions and expenditures." Staudt Response (Emphasis in
6 original). We have no information to the contrary. Since the Welday campaign website publicly
7 posted the information itself three days before the mailer was sent, there is nothing to suggest
8 that the Welday campaign paid for a mailer with a false disclaimer so that it could disseminate
9 negative comments about Rocky without being held responsible for doing so.

10 The second basis the complaint relies on to show that the Welday campaign paid for the
11 mailer is that the return address on the mailer belongs to attorney Michael Greiner, who is
12 allegedly associated with Joseph Munem. The complaint, relying on attached news articles,
13 alleges that Munem has a history of sending "outrageous and slanderous literature and attack
14 ads." Complaint at 1-2; see Attachment 1, pages 10 through 15. However, the complaint
15 presents no facts linking the Welday campaign to the Michigan Education Network, Greiner, or
16 Munem, let alone to the mailer in question. In his response, Welday states that neither he nor his
17 campaign committee "had any knowledge of, association with" or "was involved in any
18 coordination with any independent political organization." Welday Response. Likewise, the
19 Committee's treasurer responded, "I have not coordinated my efforts on behalf of Welday for
20 Congress with any other political committee, group or organization." Staudt Response. There is
21 no available information to the contrary.

1 Third, the complaint suggests that the Weldon committee paid for the communication
2 because no organization called Michigan Education Network appeared to exist. However,
3 State of Michigan records show that Michigan Educational Network was incorporated as a
4 501(c)(4) organization on July 27, 2010, two days before the mailer was sent. In its Articles of
5 Incorporation, Michigan Education Network states that its purpose is exclusively for purposes set
6 forth in Section 501(c)(4) of the IRS Code. Specifically, the Articles state that its purpose is "to
7 facilitate education and public awareness about issues which impact Michigan residents,"
8 including "government overspending, conflicts of interest, public corruption and public policy
9 which inhibits growth." Articles of Incorporation of Michigan Education Network at 1. See
10 http://www.dlegstate.mi.us/bus_corp/results.asp?ID=70885R&page_name=corp. In his
11 response, Greiner states that "[t]he materials and advertising complained about were created and
12 proliferated by the Michigan Education Network, a 501(c)(4) organization dedicated to educating
13 Michigan residents." Thus, at the time the Michigan Education Network distributed the mailer,
14 the organization legally existed, thereby rebutting the third basis relied upon by the complaint for
15 alleging that the Weldon campaign paid for the mailer.

16 We also considered whether the mailer may have constituted a republication of the
17 Weldon campaign's material by the Michigan Education Network. Under 11 C.F.R. § 109.23,
18 a republication of campaign materials is considered a contribution for the purposes of
19 contribution limitations and reporting requirements of the person making the expenditure, unless
20

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1 the use of the campaign materials meets one of the exceptions of 11 C.F.R. § 109.23(b).⁴ See
2 MUR 5743 (Emily's List) (Commission found republication, but determined that the
3 republication was of *de minimis* value, and issued an admonishment where photograph of
4 candidate was downloaded from the campaign's website and used in a mailer). However, we do
5 not recommend that the Commission reach the republication issue in this matter. The
6 information in the chart that appeared in "Truth or Consequences" and in the mailer was based
7 on verifiable data gathered from public sources.⁵ Moreover, in his response, Welday did not
8 even assert that his campaign "owned" the information, but rather that "Mr. Raczowski's
9 previous political involvement and corresponding filings with the FEC provided ample sources
10 of public information for anyone, including the media, to scrutinize in light of his candidacy for
11 Congress. Our campaign did examine this record and apparently so did others." Welday
12 Response. Given these circumstances, this case does not appear to be an appropriate matter in
13 which to make findings concerning this issue.

14 Based on the above, we recommend that the Commission find no reason to believe that
15 Paul Welday, Welday for Congress and David Staudt, in his official capacity as treasurer, the
16 Michigan Education Network, Michael Greiner, or Joseph Munem violated the Act or the
17 Commission's regulations, and close the file.

⁴ Under 11 C.F.R. § 109.23(b), the following uses of campaign materials do not constitute a contribution to the candidate who originally prepared the materials: (1) the campaign material is disseminated, distributed or republished by the candidate or candidate's committee who prepared the materials; (2) the campaign material is incorporated into a communication that advocates the defeat of the candidate who prepared the material; (3) the campaign material is disseminated, distributed or republished in a news story, commentary or editorial exempted by 11 C.F.R. § 100.73 or 11 C.F.R. § 100.132; (4) the campaign material used consists of a brief quote of materials that demonstrate a candidate's position as part of a person's expression of its own views; or (5) a national political party or state party committee pays for such dissemination, distribution, or republication of campaign materials using coordinated party expenditure authority under 11 C.F.R. § 109.32.

⁵ We reviewed the Rocky for Senate disclosure reports and located \$68,113.66 in expenditures to Mainline Communications, which was the amount listed on the Committee's website and in Michigan Education Network's mailer.

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III. RECOMMENDATIONS

1. Find no reason to believe Paul Welday violated the Federal Election Campaign Act of 1971, as amended, or the Commission's regulations.
2. Find no reason to believe that Paul Welday for Congress and David Staudt, in his official capacity as treasurer, violated the Federal Election Campaign Act of 1971, as amended, or the Commission's regulations.
3. Find no reason to believe that Michigan Educational Network violated the Federal Election Campaign Act of 1971, as amended, or the Commission's regulations.
4. Find no reason to believe that Michael Greirar violated the Federal Election Campaign Act of 1971, as amended, or the Commission's regulations.
5. Find no reason to believe that Joseph Munem violated the Federal Election Campaign Act of 1971, as amended, or the Commission's regulations.
6. Approve the attached Factual and Legal Analyses.
7. Approve the appropriate letters.
8. Close the file.

3/15/11

Date

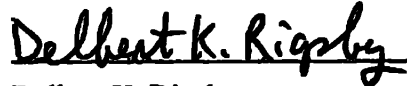
Christopher Hughey
Acting General Counsel


Stephen Gura

Deputy Associate General Counsel for
Enforcement


Susan L. Lebeaux

Acting Deputy Associate General Counsel
for Enforcement


Delbert K. Rigsby

Attorney

Attachments

1. Attachments to the Complaint

"Truth or Consequences" - The Raczkowski Record

Representing the people of Michigan's Ninth Congressional District in the U.S. House of Representatives is a high honor. It is a responsibility that demands maturity, judgment, and courage from those who seek the trust of the voters. Those who seek to serve must be prepared to withstand the scrutiny of the voters, the media, and the opposition, since the transparency and accountability of these calling public office are important campaign issues.

Unsettling issues have been raised in the race for Congress in Michigan's Ninth District about the conduct and actions of candidate Andrew "Rocky" Raczkowski. While all of us respect and admire all those who have served in our nation's military, it is legitimate to examine the totality of the record. There is nothing "negative, deceptive, or baseless" about any of the facts brought to light about Mr. Raczkowski's background. These facts have not been exaggerated and are easily searchable in the public record. If we would not have brought up these facts in the primary, Gary Peters would have certainly used them against him in the general election. Raczkowski may not like that these facts have arisen, but that does not make them less relevant to his candidacy.

First, it must be said that no one is perfect, and all of us have our shortcomings. There are pros and cons to every candidate, but voters must be presented with carefully-documented facts and the complete truth and be allowed to make informed decisions based on information verifiable in the public record (and all of the accusations against Mr. Raczkowski are verifiable in the public record and easily searchable online). The evidence presented here, and Mr. Raczkowski's answer-claims, should be examined carefully now, as it is certain that this information will be topical as long as Mr. Raczkowski is a candidate for any public office.

TRouBLING FACTS: The Lawsuit

TRouBLING FACTS: The Law Doesn't Seem to Apply to Rocky

Raczkowski has been questioned by state and federal authorities about numerous campaign finance irregularities over the years throughout many campaigns, including inappropriate campaign spending, failure to file legally required disclosure of donor information and failure to file his own Personal Financial Disclosure Information as required by the Ethics in Government Act of 1978.

Even in his rebuttal to some portion of these facts, Mr. Raczkowski acknowledges he did not comply with the specifics of the law. But again he dismisses it, because he didn't like the fact that his disregard for the law was brought to light by the Welday campaign. But, isn't it true that regardless of who brings it up, if it's wrong....it's wrong?

Mr. Raczkowski goes on to say that since he ran a "shoestring" campaign against Sen. Carl Levin (D-MI) in 2002, his sloppy, inaccurate and incomplete campaign finance reports should be forgiven. All one has to do is to take a look at these reports to see a disaster that is sure to be brought up time and again by Michigan Democratic Party Chairman Mark Brewer and his henchmen. Raczkowski has opened and maintained four different federal campaign committees and three different Michigan political committees. Contrary to his supporters' claims, questions raised by the Federal Elections Commission have never been resolved. Lack of disclosure of his contributors. Failure to file reports. Thousands in fines to the Federal government for questionable activity.

To review just one of the summary pages for the Rocky for Senate committee for yourself, please click here.

Rocky's rebuttal also claims once again that he ran this campaign on a "shoestring." But if that is the case, why did he fail to spend hundreds of thousands of dollars he had raised from sincere contributors during the actual campaign against Senator Levin and leave this money in his account that was then used to pay for extensive political direct mail fundraising and personal expenses? Again, questions in need of an answer.

Additionally, a tremendous amount of this money landed directly in Mr. Raczkowski's own pocket. Reports show that Rocky paid \$120,980.57 to his own company - Mainline Communications - from which he profited personally. According to reports from the State of Michigan and the Federal Elections Commission, the amounts that ended up in going to Mainline Communications include:

| | |
|----------------------------|---------------------|
| Citizens for Raczkowski | \$41,090.97 |
| Rocky for Senate | \$68,115.99 |
| Raczkowski Leadership Fund | \$7,584.04 |
| Michigan Future Fund | \$4,212.20 |
| TOTAL | \$120,980.57 |

Finally, it should be noted that every candidate for Congress must file a report with the Clerk of the House known as the Personal Financial Disclosure form. This requirement was mandated in the Ethics in Government Act of 1978. As of July 8, 2010, Mr. Raczkowski had failed to file this report. Once again, serious questions are raised by this neglect regarding the transparency and forthrightness of Mr. Raczkowski.

To suggest this so-called "attack" is a diversion from the key issues in the campaign is laughable. What issue is greater than the honesty and integrity of our elected officials?

We hope you will decide whether this is something worth considering as you make your decision about who will be best able to challenge Gary Peters this fall.

TRouBLING FACTS: Is Rocky Standing Up To...or Standing Up For Special Interests?

TRouBLING FACTS: He says He Works for Us...But Apparently Not When He Has a Chance to Climb the Political Ladder

We understand that these are troubling facts for Mr. Raczkowski. But they are even more troubling for voters heading to the polls.

Here are some important questions to ponder:

1. Which candidate is likely to be dogged with questions about their record that will give the Democrats every opportunity to change the debate from what really matters in this election?
2. Which Republican candidate is the best able to keep the general election debate on the Obama-Peters vs. Welday-Peters US government agenda and what we must do to restore a

free-market, pro-growth economy?

3. Who is the candidate best able to focus on the major issues of jobs and the economy?
4. Who can best hold Gary Peters accountable for outrageously liberal voting record in Washington, DC?
5. Who is the candidate who has a proven track record in business and the experience on Capitol Hill to make a difference for us immediately?

Facts can be stubborn things. But after examining them, we are confident that the voters of the Ninth District will make the most informed decision possible on Tuesday, August 3rd.

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Rocky Raczkowski's political finances just don't add up!



PROCESSED
BY POSTAGE PAID
PERMIT NO. 100
ANN ARBOR MI 48106

Post for Mr.
Rocky Raczkowski
32064 Bonnet Hill Rd
Farmington Hills MI 48334

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*****ECRLOT-C016

THE RACZKOWSKI FAMILY
OR CURRENT RESIDENT
32064 BONNET HILL RD
FARMINGTON HILLS MI 48334-3404

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Address of 32064 Bonnet Hill Rd

Rocky Raczkowski dumped \$120,980.67 of campaign donations into his own business!

Records on file with the Michigan Secretary of State and the Federal Election Commission prove that Rocky Raczkowski paid his company, Mainline Communications, with money he raised from political donors!

Campaign Donations Rocky Raczkowski paid to his own company, Mainline Communications:

| | |
|----------------------------|---------------------|
| Citizens for Raczkowski | \$41,090.97 |
| Rocky for Senate | \$68,113.66 |
| Raczkowski Leadership Fund | \$ 7,564.04 |
| Michigan Future Fund | \$ 4,212.00 |
| TOTAL: | \$120,980.67 |

**Call Rocky Raczkowski at
248-556-4400 and ask him to explain why
he paid his company out of campaign funds**



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|---|------------------------------------|
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| Organization Name | EM |
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| MICHIGAN DISTRICT JUDICIAL EDUCATIONAL FUND | 30-4280418 |
| MICHIGAN DOCTORS | 30-4280418 |
| MICHIGAN DOCTORS POLITICAL ACTION COMMITTEE | 30-4280418 |
| MICHIGAN ED ASSN POLITICAL ACTION COMMITTEE | 30-4280418 |
| MICHIGAN ED ASSN POLITICAL ACTION COMMITTEE | 30-4280418 |
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| MICHIGAN EDUCATION ASSOCIATION POLITICAL ACTION COMMITTEE | 30-4280418 |
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|--|------------|
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| MICHIGAN FIDELITY DIRECTORS ASSOC | 30-0288904 |
| MICHIGAN FIDELITY DIRECTORS ASSOC PAC | 30-0288904 |
| MICHIGAN FIDELITY DIRECTORS ASSOC PAC | 30-0288904 |
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The Macomb Daily

Serving Macomb County



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Dentists don't want you to know about
THIS \$4 tooth whitening
See the results



Royal Oak Get Out of Debt Now
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About THIS Debt Relief Secret!
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News

Macomb political activists unite to oppose Bouchard, Snyder for governor

Published Wednesday, February 10, 2010

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By Chad Selwecki, Macomb Daily Staff Writer

A newly created nonprofit organization that has launched a campaign that's bashing two Republican candidates for governor is associated with notorious Macomb County political consultants and local political activists who are supporting GOP front-runner Mike Cox.

The Michigan Olive Educational Fund, based in Detroit, is ready to spend tens of thousands of dollars heavily criticizing Governor-elect Rick Warren and Ann Arbor businessman Rick Snyder, two of Attorney General Cox's leading opponents in the August Republican primary.

The nonprofit MCEF was formed in November by attorney David St. Pierre, attorney Mike Granger and Warren Assistant City Attorney Jeff Schroder, according to state documents. They have hired political consultant Joe Mazzoni to conduct their "educational" activities about Bouchard and Snyder.

The MCEF first appeared on the political radar screen last week when they launched a highway billboard on a busy section of I-75 near M-59 that questions Bouchard's track record. The nonprofit group has also set up Web sites raising numerous questions about Bouchard and Snyder.

But it's the tone of the group's radio ads, which are just getting started in southeast Michigan and western Michigan, that will raise eyebrows in political circles across Michigan. One compares Bouchard to the exploits of former Detroit Mayor Kwame Kilpatrick and another claims that Snyder was responsible for the "implosion" of his former company.

A spokesman for the Cox campaign has said the candidate is not "in any way" connected to the MCEF.

But campaign finance records show that Schroder has contributed \$330 to Cox's gubernatorial campaign and St. Pierre has donated \$150 to the attorney general. Election documents also suggest other shadowy connections between the MCEF and the attorney general.

Because MCEF is a 501(c)(4) nonprofit, under Internal Revenue Service rules it does not have to report the names of its contributors, unlike a political committee that must issue financial documents on a regular basis. The group can engage in political advocacy, as long as it does not favor one candidate.

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Gremer said the group consists of "very, very concerned citizens" who want to ensure that Michigan voters have information about gubernatorial candidates that goes beyond the typical public relations sales pitches. The Warren-based attorney would not release a list of candidates.

"There are lots of people who are the money behind this. I'm one of them. Cecil St. Pierre is one of them. And the list goes on," he said.

As for a perceived connection to Cox, Gremer said the group expects to raise less than \$100,000 from a wide variety of sources.

"Yeah, there are people in the group who support Cox. But there are a lot of people who don't," Gremer said.

All of the known players involved have deep connections to Warren city politics.

Munem and Gremer, sometimes working in partnership, became infamous over the past decade for hardball, negative campaigns they orchestrated.

Munem has made his dislike for Snyder well known in a weekly podcast the consultant co-hosts and in a Web site he created, ripoffrock.com. Three weeks ago Munem paid for automated phone calls to voters criticizing Snyder.

St. Pierre, who has been a Democrat, a Republican and has also run as a independent candidate, is a former Warren city councilman. He has also thrown his hat into the ring for a few gubernatorial appointments to judicial seats.

Gremer is a Democrat but said he is intervening in the Republican gubernatorial campaign because he is motivated by "my loyalty to my state." Gremer said he and other MCEF members are dismayed by the failures of the Granholm administration over the past years.

The Bouchard campaign has dismissed the billboard and Web site, goklandshuff.net, as "gutter politics." But the radio ads go beyond the Web site material.

The MCEF's anti-Bouchard ad implies that he had an affair with a government employee and walked out of a deposition related to a lawsuit claiming he had engaged in sexual harassment. The ad does not mention Kwame Kilpatrick but it compares Bouchard's behavior to the 2009 scandal that rocked Detroit city hall.

The anti-Snyder ad said that his tenure as a Gateway Computers executive resulted in the company sending 19,000 jobs overseas, losing 90 percent of its corporate value, and then providing Snyder with a "golden parachute" exit. In a radio interview on Monday, Gremer called Snyder "possibly one of the worst CEOs in America."

Meanwhile, Cox has mounted considerable name campaigning in Macomb County. Warren Mayor Jim Fouts has latched onto Cox in recent months, with both calling for stronger state ties to government. In addition, the mayor and the ad appeared together at a spaghetti dinner fundraiser last week in Warren.

Fouts did not return a phone call seeking comments.

Among the other findings by The Macomb Daily, based on campaign finance records:

An obscure political action committee called Macomb Business United is run by one of Fouts' appointees, Warren deputy public service director, Gus Ghanam. The PAC gave \$16,850 to the Cox campaign. The PAC's address is listed as the same location as for MCEF — St. Pierre's Crocker Boulevard law office in Mount Clemens. Gremer said he is not aware of any connection between Ghanam and the MCEF.

Ghanam, a longtime fixture in Warren politics, personally contributed \$550 to Cox. The Ghanam PAC's largest contributor in 2009, by far, was not anyone associated with the Macomb County business community. Macomb

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Business United received \$10,000 from a PAC that is controlled by GOP state Sen Bruce Patterson. Patterson is from Canton Township, which is far from Macomb County, but the senator is a close political ally of Cox.

Patterson's group, which focuses on keeping a Republican majority in the state Senate, had already donated the maximum allowed for a PAC to Cox's campaign, \$34,080. This time "Commendable Majority Fund" made the \$10,000 contribution to Macomb Business United on Dec 31 — the same day that the business PAC, in turn, contributed \$6,500 to the attorney general's gubernatorial effort.

Beyond the distribution of money, Macomb Business United held a fundraiser for Cox on Nov 4 at the White House Wedding Chapel in Warren. Just 20 people attended and the event lost \$1,700.

Comments

The following are comments from the readers. In no way do they represent the view of macombdaily.com.

Bob wrote on Feb 10, 2010 6 45 AM

"Obama brought Chicago politics to Washington. Now, Cox wants to bring Warren politics to Lansing. Can things get worse?"

Report Abuse

Enough of this wrote on Feb 10, 2010 6 54 AM

"Munn, Gremer, St Pierre need to read a newspaper or watch TV. The voters are tired of this kind of political hatchet job.

Mike Cox for Governor, let's see former Wayne County prosecutor, then attorney general, now wants to run the state. No business experience, no executive experience, only a lawyer and political machine hack.

Is this a rerun of Granholm? I've seen enough of this, and then throw in Cox's coverup of the Kwame party rumors and there is enough there for me to vote for a Democrat."

Report Abuse

I like the nerd wrote on Feb 10, 2010 7 00 AM

"Rick Snyder has no political baggage. Mike Cox and Sherrif Bouchard. Throw in sheriff Haskell. Throw them all in it together. Rick Snyder for Governor."

Report Abuse

Do Doot Do Doot wrote on Feb 10, 2010 7 09 AM

"Do Doot Do Doot Do Doot, just when you thought it was safe to go back into the water. The political sharks are coming back out. The Mark Stunkberg toadie trio of Pee-ar, Grinder, & Pew-umb are back at it. Please men (?), go back under whatever rock you crawled out from."

Report Abuse

This should be fun wrote on Feb 10, 2010 7 15 AM

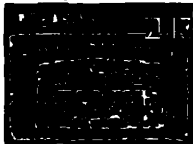
"Wow, what a great article. Let's watch the right wing crazies on the blog beat each other up for a change! Yeh!"

Report Abuse

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The Macomb Daily

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Royal Oak Get Out of Debt Now
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Breaking News iPads are being auctioned
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News > Politics

Shadowy group resurfaces, pays for new Cox ads

Published Friday, July 23, 2010

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By Chad Selwiski, Macomb Daily Staff Writer

PAC tied to Warren political players

A shadowy political group apparently run by Warren political activists is raising questions again after it came up with approximately \$180,000 to finance a TV ad campaign that praises gubernatorial candidate Mike Cox and slams one of Cox's Republican foes, Pete Hoekstra.

The ads launched Thursday are financed by Mount Clemens-based Michigan Business United, a political action committee led by one of Warren Mayor James Fouts' appointees, Assistant Public Services Director Gus Ghanam. The group reported no money raised or spent as recently as April but is fully financing the new ad campaign, airing on all three of metro Detroit's broadcast affiliates.

Critics say the advertising effort flies in the face of Cox's repeated calls for more transparency and higher ethics in the gubernatorial contest and in state government.

Another candidate in the Aug. 3 GOP primary election, Rick Snyder, immediately pounced on the news that Ghanam, a Cox supporter, was financing the new ads.

"We urge the Macomb and Wayne County Prosecutor's Offices to fully investigate this matter and ensure that state laws are being abided by," said Jake Suski, a Snyder campaign spokesman. "Just yesterday (Wednesday) Mike Cox was talking about transparency. He has a chance here to walk the walk. Yet, it would be an 'urban legend' to expect the attorney general to investigate this incident and the likely coordination between his campaign and Michigan Business United."

Cox campaign spokesman Stu Sandler could not be reached for comment. But he has consistently said that it is "absolute nonsense" to claim the candidate has any direct ties to political groups led by Ghanam and other Warren allies.

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In a brief phone interview with The Macomb Daily on Thursday, Ghanam offered no explanation for the source of the funds upon by his obscure PAC

"I'll have to find out what my reaction is going to be and get back to you," he said. He did not call back.

According to state and county records, Michigan Business United morphed from a previous PAC known as Macomb Business United, both of which were based at the Mount Clemens law office of Cecil St. Pierre, a former Warren councilman.

St. Pierre said he has no connections to Michigan Business United and had little involvement with Macomb Business United.

"I was with Macomb Business United. I formed it and I can't remember if I was the treasurer or something like that," he said. "We didn't do much."

Asked how the new version of the PAC, Michigan Business United, could afford a six-figure ad campaign, St. Pierre replied, "I don't have a clue."

The ads criticize Congressman Flores for supporting the federal bank bailout and passing votes on a health care reform bill that, according to congressional opponents, might allow taxpayer-funded abortions. The second half of the commercial praises Cox, in his role as attorney general, for waging court fights against the new health care law and opposing attempts to make abortion more accessible.

The funding controversy marks the second time in five months that Cox has been accused of orchestrating a stealth campaign to boost his candidacy.

In February, a nonprofit group associated with St. Pierre paid for websites that criticized Snyder and another Republican contender in the governor's race, Oakland County Sheriff Michael Bouchard. The Michigan Civic Educational Fund also blasted Bouchard in a billboard located at one of Oakland County's busiest intersections.

The group, formed in November, also financed a series of sharply worded radio ads. One compared Bouchard to the exploits of former Detroit Mayor Kwame Kilpatrick and another alleged that Snyder was responsible for the "unemployment" of his former company.

The Michigan Civic Educational Fund, also based at St. Pierre's Crocker Boulevard's law office, is not required to report the names of its contributors because it is not a PAC. The Educational Fund was quietly formed last November by St. Pierre, former Warren deputy mayor Mike Greiner and Warren assistant city attorney Jeff Schroder. St. Pierre and Schroder donated a combined \$800 in political contributions to Cox just before and after the group was created.

As for Ghanam, a longtime fixture in Warren politics, he personally contributed \$550 to Cox last year. The Ghanam PAC's largest contributor in 2009, by far, was not from anyone associated with the Macomb County business community but rather state Sen. Bruce Patterson, a Canton Township Republican whose PAC chipped in \$10,000.

When Ghanam's PAC, in turn, donated more than \$16,000 to Cox over a period of two days, county and state election officials notified Ghanam that he must revise his group's status from a local PAC to a state PAC.

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That resulted in the transformation to the new name, Michigan Business United, apparently without St Pierre's knowledge

St Pierre said that the nonprofit group and the two PACs all operate separate from each other

Ghanam's old PAC held a sparsely attended fundraiser for Cox in 2009 and Ghanam, as recently as last weekend's Italian-American Festival in Warren, has been seen ushering the attorney general at local events

When the Snyder campaign received word Wednesday that Ghanam's new PAC was financing upcoming Cox ads, a small group of Snyder campaign volunteers confronted him in the Warren City Hall parking structure. In a video of the incident posted on YouTube, Ghanam is seen repeatedly saying, "You're not taking my picture." He also appears to grab the arm of one Snyder volunteer to prevent him from videotaping the conversation.

Comments

The following are comments from the readers. In no way do they represent the view of macombdaily.com

Groesbeck (my wife) wrote on Jul 23, 2010 12:46 AM

"Ghanam is a close personal friend of Stu Sandler! How's that for a direct-enough tie between the PAC and the campaign! The alarming thing is that these are the people who could be running our state if Cox wins. More bad news for Michigan if that happens."

Report Abuse

Hangman wrote on Jul 23, 2010 4:12 AM

"If we vote Cox in we're getting more of the same old same old, time to get rid of the trash!"

PS: How many favors did he get for the "Urban Legend" decision?"

Report Abuse

Stan wrote on Jul 23, 2010 5:29 AM

"Yeah how about some investigative reporting please?"

Report Abuse

Amazing wrote on Jul 23, 2010 6:47 AM

"Just by reading the headline you are able to identify the author."

Report Abuse

Slim Pickings wrote on Jul 23, 2010 7:24 AM

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